

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Bristol County Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

As part of this valuation, the Board reduced the investment return assumption from 7.75% to 7.5%. Although this assumption is acceptable, we believe it is at the high end of a reasonable range of investment return assumptions as of January 1, 2020. We note that we have generally recommended an assumption between 6.90% and 7.15% for our 2020 local system valuations. For comparison, there are 70 systems currently using an assumption of less than 7.50%.

This valuation also reflects an update to the mortality assumption.

In our four prior approval memorandums, we indicated that we had concerns about the salary increase assumption. This valuation once again uses a select and ultimate assumption based on service with a rate of 3.0% for members with 5-7 years of service, and an ultimate rate of 2.75% for members with 8 or more years of service. We expect over the long term that this assumption will need to be increased (and/or the investment return assumption decreased) which will increase plan liabilities.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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BRISTOL COUNTY CONTRIBUTORY RETIREMENT SYSTEM

FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	% Change
2022	6,468,605	497,859,075	42,087,531	791,349	49,347,485	8.00%
2023	6,662,663	489,954,410	44,360,847	791,349	51,814,860	5.00%
2024	6,862,543	468,785,316	46,751,711	791,349	54,405,603	5.00%
2025	7,068,419	453,686,126	49,266,114	791,349	57,125,883	5.00%
2026	7,280,472	425,899,222	51,910,356	791,349	59,982,177	5.00%
2027	7,498,886	402,038,031	54,691,051	791,349	62,981,286	5.00%
2028	7,723,853	373,398,004	57,615,148	791,349	66,130,350	5.00%
2029	7,955,568	339,466,570	60,689,950	791,349	69,436,867	5.00%
2030	8,194,235	299,684,866	63,923,127	791,349	72,908,711	5.00%
2031	8,440,062	253,443,870	67,322,735	791,349	76,554,146	5.00%
2032	8,693,264	200,080,220	70,897,241	791,349	80,381,854	5.00%
2033	8,954,062	138,871,703	74,655,535	791,349	84,400,946	5.00%
2034	9,222,684	69,032,381	69,032,381	791,349	79,046,414	-6.34%
2035	9,499,365	-	-	791,349	10,290,713	-86.98%

Amortization of Unfunded Liability as of July 1, 2020

* Includes recognition of the following asset gains/(losses) in Fiscal 2024 and 2026:

2024	\$	10,227,764
2026	\$	8,852,290

** Contribution is set to be the amount resulting from a 8% increase on the prior year's contribution, with 5% increases thereafter. The contribution in FY2034 decreases by -6.34%.